Economic Development Canada

ESTIMATES

For the period ending March 31, 2009

Performance Report

Original signed by

Christian Paradis
Minister of Public Works and Government Services and Minister responsible for the Economic Development Agency of Canada for the Regions of Quebec

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MESSAGE FROM THE MINISTER RESPONSIBLE FOR THE AGENCY

I am pleased to sign this *Departmental Performance Report* at the end of a fiscal year marked by economic challenges.

More than ever, owing to the current economic times, this report points to the timeliness of the initiatives and programs implemented and administered by the Agency to ensure the vitality of communities and growth of enterprises in Quebec.

The report demonstrates that the Agency's regular programming, focussing on the development and diversification of communities and the growth of enterprises and regions, is geared to Quebec's economic realities.

This report also highlights the Agency's ability to react diligently so as to enable enterprises and communities to be better equipped during an economic downturn. Despite the hard times, our economy today stands on a solid foundation, the best among industrialized nations. Thus, in a perspective of consolidating and enhancing our position, the Government of Canada is continuing to implement *Canada's Economic Action Plan*. Announced on January 27, 2009, this plan aims to ensure a rapid economic recovery and sustainable gro[illegible].

Thus, in order to address the crisis and stimulate the country's economy, the Government of Canada has introduced immediate measures of some $30 billion to help Canadians and support enterprises.

I am delighted at the contribution made by the Agency, which, through its action, reinforces our economic base by working toward the outreach of our enterprises and the well-being of our communities.

Original signed by

Christian Paradis
Minister of Public Works and Government Services and Minister responsible for the Economic Development Agency of Canada for the Regions of Quebec

MESSAGE FROM THE MINISTER OF STATE FOR THE AGENCY

I am proud to present the *Departmental Performance Report* prepared by the Economic Development Agency of Canada for the Regions of Quebec for the period ending March 31, 2009.

In its desire to offset the impact of the economic crisis, the Agency rapidly proposed measures to support the development of SMEs, particularly those in devitalized regions. In the wake of my tour of the regions, we announced the implementation and enhancement of several measures.

Such measures include the Community Adjustment Fund; the Business Startup and Succession Fund; the new policy on NPOs; revised financial assistance with respect to tourist accommodation establishments; and greater flexibility in several components of the Major Economic and Tourism Facilities measure.

Thus, I am also pleased to point out that, as at March 31, 2009, the Agency had $665.2 million in planned investments to support the startup or continuation of all the 1,165 development projects in progress. The Agency's contributions have had a significant leverage effect in the regions of Quebec, since these projects have led to $2.4 billion in total investment. This investment has contributed to the pre-startup, startup, development and maintenance of more than 2,964 enterprises and the creation of more than six jobs on average per SME receiving direct assistance.

The economic situation called for rapid, tangible measures and decisions from us, and we have played our role in full. Quebec's SMEs and regions have many challenges to meet, and the Agency is working to provide them with all its support.

Original signed by

Denis Lebel
Minister of State for the
Economic Development Agency of Canada
for the Regions of Quebec

1 AGENCY OVERVIEW

1.1 Summary information

1.1.1 Raison d'être of the Agency

Mission

The object of the Agency is to promote the long-term economic development of the regions of Quebec by giving special attention to those where slow economic growth is prevalent or opportunities for productive employment are inadequate. In carrying out this mission, the Agency shall take such measures as will promote cooperation and complementarity with Quebec and the communities of Quebec.

Vision

In the long term, Quebec's regions and communities will have increased their development capabilities, dynamism and prosperity in a lasting and significant manner for the benefit of their citizens.

Core mandate

Regular programs:

- Community Diversification
- Business and Regional Growth
- Regional Development Research
- Community Futures Program (CFP)

Special mandates

Programs mandated by the Government of Canada:

- Infrastructure Canada Program – Canada-Quebec Agreement 2000
- Canadian Apparel and Textile Industries Program (CATIP) – CANtex component

1.1.2 The Agency in action

The Agency's aim is to increase the vitality of communities and strengthen the competitiveness of small- and medium-sized enterprises (SMEs) and regions while giving due consideration to the realities of Quebec's regions. Through its programs and presence in the regions, the Agency provides financial assistance, guidance and consulting services, analyses, forward-looking studies, referrals and information. It covers the entire province with its 14 business offices and delivers support to communities, SMEs and non-profit organizations (NPOs).

Program priorities

- Continue the economic diversification of regions and communities posting slow economic growth
- Strengthen the performance of innovative, competitive SMEs in key sectors

Management priorities

- Implement the Departmental Action Plan with regard to the report of the Independent Blue Ribbon Panel on effective program delivery
- Continue improving management of expenditures, results and risk

PROGRAM ACTIVITY ARCHITECTURE

The table below shows the full framework of the Agency's program activities and subactivities and how they further its three strategic outcomes. This report presents an overview of the performance achieved in 2008-2009 in relation to these components.

Strategic outcomes	Program activities	Program subactivities
Dynamic and revitalized communities that have a better socio-economic outlook and are developing their economic activity base	*Development of communities*	▪ *Community mobilization* ▪ *Community development* ▪ *Attractive communities*
	Infrastructure	▪ *Water quality* ▪ *Highways and public transit* ▪ *Urban and regional projects* ▪ *Special infrastructure-dedicated programs*
	Special intervention measures	▪ *Community adjustment to economic shocks* ▪ *Community adjustment to natural disasters*
Presence of conditions conducive to sustainable growth and the competitive positioning of SMEs and regions	*Competitiveness of enterprises (SMEs)*	▪ *Development of enterprises' capabilities* ▪ *Strategic enterprises*
	Competitive positioning of sectors and regions	▪ *Competitiveness poles* ▪ *International promotion of regions*
Policies, programs and cooperative actions that strengthen the economy of Quebec regions	*Policies, programs and initiatives*	▪ *Analysis and research* ▪ *Policies and programs* ▪ *Representation and influence* ▪ *Cooperation and collaboration*

1.2 Performance summary

Financial resources[1] for 2008-2009
(in thousands of dollars)

Planned spending	Total authorities	Actual expenditures
292,655	*302,443*	*299,247*

Note:

1 All amounts presented under financial resources include the cost of services received without charge.

The Agency made full use of its budget. In fact, it had at its disposal $302.4 million, of which it used $299.2 million, or 98.9%. Furthermore, the variance between planned spending and total authorities is primarily attributable to the appropriations received during the year for the establishment of a broadband network in the James Bay territory ($2 million), development of international cruises on the St. Lawrence and Saguenay rivers ($1 million) and the Social Economy Initiative in Quebec ($2.9 million).

Human resources for 2008-2009
(Full-time equivalents)

Planned resources	Actual resources	Variance
411	401	-10

1.2.1 Strategic outcome #1: *Dynamic and revitalized communities that have a better socio-economic outlook and are developing their economic activity base*

Performance indicator	Five-year target (from 2007-2008 to 2011-2012)	Performance 2008-2009
Measurement of communities' diversification	Communities' vitality is maintained or increased.	The Agency contributed to maintaining communities' vitality through implementation of 134 development and diversification projects, strengthening of the regional tourism offering generating $61.3 million in investment and support for the creation, development and maintenance of 2,811 SMEs, primarily in the seven devitalized regions and 21 most devitalized regional county municipalities (RCMs). **Leverage effect[1]:** $1 from the Agency = $2.64 in investment by the promoter and other funding sources.

(in thousands of dollars)

Program activities	Actual expenditures 2007-2008	Main Estimates 2008-2009	Planned spending 2008-2009	Total authorities	Actual expenditures 2008-2009	Link to Government of Canada performance
Development of communities	*169,479*	*130,974*	*130,974*	*146,616*	*145,906*	Strong economic growth[2]
Infrastructures	*48,866*	*27,313*	*27,313*	*53,864*	*53,607*	
Special intervention measures	—	—	—	—	—	
Total	***218,345***	***158,287***	***158,287***	***200,480***	***199,513***	

The variance between planned spending and actual expenditures is primarily attributable to a reallocation pursuant to strategic outcome #2 and additional funding during the year. As a result of the economic downturn, some projects could not be carried out with respect to the competitiveness of SMEs and regions, thus freeing up funds. Consequently, additional investment was made under this strategic outcome, so it was possible to continue meeting the needs of communities and regions in these hard economic times.

Notes:

1 The method for calculating the leverage effect was modified in 2008-2009. The leverage effect presented in this report is calculated by dividing the total costs of approved projects (excluding the Agency's part of the funding) by the total financial assistance approved by the Agency. The leverage effect excludes the *Infrastructure* program activity and the grant to the Québec Port Authority.

2 Section 2 makes the link with Government of Canada results - www.tbs-sct.gc.ca/report/govrev/06/cp-rc04-eng.asp. The Agency targets the economic diversification of Quebec's devitalized regions and sectoral competitiveness (of SMEs and regions) in order to ensure enhanced quality of life and a higher standard of living for Canadians.

1.2.2 Strategic outcome #2: *Presence of conditions conducive to sustainable growth and the competitive positioning of SMEs and regions*

Performance indicator	Five-year target (from 2007-2008 to 2011-2012)	Performance 2008-2009
Measurement of SMEs' and regions' competitiveness	The competitiveness of SMEs assisted and the regions is maintained or increased.	The Agency contributed to SMEs' and regions' competitiveness by the sales growth observed in 120 SMEs assisted, support for 248 new exporting SMEs, improved productivity of 216 SMEs, and creation and expansion of 153 innovative enterprises. **Leverage effect:** $1 from the Agency = $2.71 in investment by the promoter and other funding sources

(in thousands of dollars)

Program activities	Actual expenditures 2007-2008	Main Estimates 2008-2009	Planned spending 2008-2009	Total authorities	Actual expenditures 2008-2009	Link to Government of Canada performance
Competitiveness of enterprises (SMEs)	*70,387*	*81,327*	*81,327*	*58,036*	*56,466*	Strong economic growth[1]
Competitive positioning of sectors and regions	*46,367*	*45,528*	*45,528*	*37,194*	*37,038*	
Total	***116,754***	***126,855***	***126,855***	***95,230***	***93,504***	

The variance between planned spending and actual expenditures is attributable to the fact that, in the economic downturn, enterprises put their investment projects on hold, thus using fewer program resources than expected. It was decided to reallocate the funding from this strategic outcome. Thus, additional investment was made in infrastructure projects and economic diversification of communities.

Note:

1 Section 2 makes the link with Government of Canada results - www.tbs-sct.gc.ca/report/govrev/06/cp-rc04-eng.asp. The Agency targets the economic diversification of Quebec's devitalized regions and sectoral competitiveness (of SMEs and regions) in order to ensure enhanced quality of life and a higher standard of living for Canadians.

1.2.3 Strategic outcome #3: *Policies, programs and cooperative actions that strengthen the economy of Quebec regions*

Performance indicator	Five-year target (from 2007-2008 to 2011-2012)	Performance 2008-2009
Measurement of the Agency's ability to cater to the needs of Quebec regions, communities and SMEs	Alignment of Agency policies, programs and initiatives with Quebec regions' needs and Government of Canada priorities	The Agency developed its ability to cater to the needs of regions, communities and SMEs through the completion of five studies; development and implementation of four initiatives; taking into account of the needs of regions, communities and SMEs as garnered from a Ministerial tour of the 14 regions; and participation in two trade missions to support SMEs in entering into contracts with major contractors.

(in thousands of dollars)

Program activity	Actual expenditures 2007-2008	Main Estimates 2008-2009	Planned spending 2008-2009	Total authorities	Actual expenditures 2008-2009	Link to Government of Canada performance
Policies, programs and initiatives	*7,369*	*7,513*	*7,513*	*6,733*	*6,230*	Strong economic growth[1]
Total	*7,369*	*7,513*	*7,513*	*6,733*	*6,230*	

Note:

1 Section 2 makes the link with Government of Canada results - www.tbs-sct.gc.ca/report/govrev/06/cp-rc04-eng.asp. The Agency targets the economic diversification of Quebec's devitalized regions and sectoral competitiveness (of SMEs and regions) in order to ensure enhanced quality of life and a higher standard of living for Canadians.

1.2.4 Contribution of priorities to strategic outcomes

Program priorities	Type	Progress	Links to strategic outcomes
Continue the economic diversification of regions and communities posting slow economic growth	Previously committed to	Surpasses expectations	SO #1 Making the terms and conditions of the Community Diversification program more flexible reinforced this intention during the year.
Investment target: 50-55% of commitments approved in the regions and communities targeted in 2008-2009		Performance: 65% of commitments approved	Two initiatives were in progress, primarily targeting the seven devitalized regions and 21 devitalized RCMs[1] (Community Economic Diversification Initiative – CEDI-Vitality and Major Economic and Tourism Facilities).
Strengthen the performance of innovative, competitive SMEs in key sectors	Previously committed to	Meets all expectations	SO #2 Three new initiatives were implemented (productivity support, innovation support, including natural resources testing and experimentation, and export support).
Investment target: 30-35% of total commitments approved in 2008-2009.		Performance: 32% of commitments approved.	

Note:

1 See Appendix I for a list of the seven devitalized regions and 21 devitalized RCMs: www.dec-ced.gc.ca/eng/publications/agency/rmr.html

Management priorities	Type	Progress	Links to strategic outcomes
Implement the Departmental Action Plan with regard to the report of the Independent Blue Ribbon Panel on effective program delivery	New	Meets all expectations ▪ Web site providing better access to the programs and services offered by the Agency ▪ Revised project approval process, reducing processing times in line with targeted goals for 90% of projects approved[1] ▪ Design of an enhanced claims process to alleviate administrative burden on promoters[1] ▪ Integration of existing tools and development of new tools to support advisors' work for effective management of program delivery[1] ▪ Enhanced risk managment procedure for projects in development[1]	SO #1 and SO #2 The formative evaluation indicates that the Agency now meets its announced standards[2] with respect to processing times in the vast majority of cases.
Continue improving management of expenditures, results and risk	Previously committed to	Surpasses expectations ▪ Direct deposit and automatic withdrawal system implemented[1] ▪ Pilot project in progress to test a system that records all non-financial activities carried out ▪ Optimization of a process for collecting contribution repayments[1] ▪ In support of better results-based management, standardized instructions and updated system for follow-up on performance data for grant and contribution projects[1] ▪ Development of the data warehouse[1] ▪ Management dashboard developed[1] ▪ Corporate risk management process brought up to date (updated corporate risk profile and mitigation strategies)	SO #1 and SO #2 The formative evaluation mentioned that the Agency should continue with implementation of the five-year strategy by emphasizing ownership of results-based management.

Notes:

1 These achievements were part of the strategy to mitigate key risks which the Agency had to manage in 2008-2009.

2 Service standards indicate processing times between 35 and 65 days, depending on project scale.

1.2.5 Risk analysis and organizational context

Economic context

When the *Report on Plans and Priorities 2008-2009* (RPP) was drafted, in Fall 2007, there were no signs of any major downturn in the economy. While the first half of the year was profitable for many sectors of the Quebec economy (e.g. construction, transportation equipment and tourism), the province entered a recession in the final quarter of 2008. The U.S. economic slowdown and the deteriorating global economy curbed Quebec's exports. Furthermore, the economy uncertainty led to a decline in domestic demand, also contributing to the deterioration of the provincial economy. Quebec's gross domestic product (GDP) shrank by 0.7% in 2008-2009, compared with a 2.4% increase in 2007. International commodity exports fell 12.4% from the second quarter of 2008 to the first quarter of 2009. Over the same period, the jobless rate rose from 7.4% to 8.0%.

After facing rapidly rising energy and raw material costs, Quebec's manufacturing sector had to deal with falling demand on global and local markets. This sector lost 30,000 jobs from the first quarter of 2007 to the first quarter of 2009 (-5.4%), including 15,000 jobs in 2008-2009 alone.

Internal context

The Agency identified the eight key risks it had to manage in 2008-2009. These risks concerned in particular its ability to cater to the needs of Quebec enterprises and regions in hard economic times; reliability of performance data and its impact on decision-making; implementation of an information management policy; and the consistency of its external communication products. Mitigation strategies were put in place for each of the risks identified. The initiatives contained in these strategies form the core of the Agency's two management priorities.

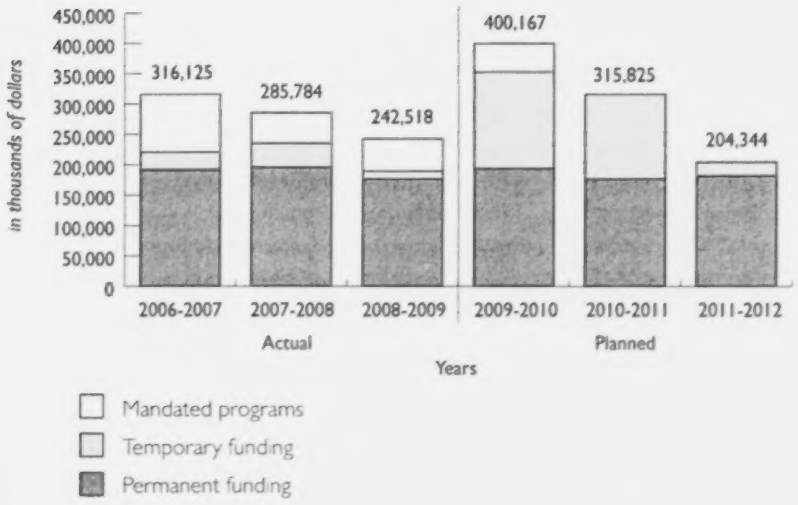
More specifically, in order to enhance the quality of performance data, the Agency opted in 2008-2009 for a new data collection methodology. Follow-up on project performance was increased, so the annual survey is no longer needed for obtaining those data.

1.2.6 Expenditure profile

The Agency's actual expenditures for 2008-2009 were $299.2 million, including $242.5 million in grants and contributions. The Agency's planned spending will increase in 2009-2010, to $461.2 million, including $400.2 million in grants and contributions as a result of the temporary funding allocated in budget 2009, *Canada's Economic Action Plan*, for Canada's economic recovery.

The figure below illustrates trends in grant and contribution expenditures over a six-year period.

TRENDS IN GRANT AND CONTRIBUTION EXPENDITURES



1.2.7 Voted and statutory items[1]

The table below replicates the summary table from the *Main Estimates* and shows appropriations voted (*Main Estimates*) by Parliament and funds used (actual expenditures).

(in thousands of dollars)		2006-2007	2007-2008	2008-2009	
Vote or statutory item (S)	Truncated vote or statutory wording	Actual expenditures	Actual expenditures	*Main Estimates*	Actual expenditures
1	Operating expenditures	*43,664*	*45,663*	*44,104*	*45,955*
5	Grants and contributions	*316,125*	*285,784*	*237,959*	*242,518*
(S)	Contribution to employee benefit plans	*5,085*	*4,934*	*5,324*	*4,922*
(S)	Minister responsible for the Economic Development Agency of Canada for the Regions of Quebec - Salary and motor car allowance	—	—	—	*24*
(S)	Spending of proceeds from disposal of surplus Crown assets	*25*	*4*	—	*2*
Total		*364,899*	*336,385*	*287,387*	*293,421*

Actual grant and contribution expenditures for 2008-2009 were down compared with 2007-2008, particularly because of the end of the grant to the Québec Port Authority and the Agency's efforts to cut back in the context of the 2006 spending review. The variance between actual expenditures and the *Main Estimates* is attributable to new appropriations received during the year through supplementary estimates.

1 The amounts presented in this table exclude services received without charge.

2 ANALYSIS OF PROGRAM ACTIVITIES BY STRATEGIC OUTCOME

2.1 Strategic outcome #1: *Dynamic and revitalized communities that have a better socio-economic outlook and are developing their economic activity base*

The Agency's contributions within Quebec communities produce a leverage effect of 2.64. The $358.1 million in multi-year financial assistance approved generates $945.3 million in investment.

Several regions or communities whose economy is traditionally based on natural resources and which are generally a long way from major markets are having difficulty diversifying their economic base. Moreover, owing to their strong economic dependence on a small number of industries or sectors, these communities are often hardest hit in the event of a crisis in one of their predominant sectors.

In this context, the Agency pursues its mission to help Quebec communities posting slow economic growth to increase their development capabilities and dynamism. Furthermore, the Agency intervenes financially in all communities to renew and construct infrastructure to enhance Quebecers' quality of life.

The Agency achieves Strategic outcome #1 by means of three program activities:

- *Development of communities* – by developing a community in terms of its capabilities for socio-economic adjustment, support for emergence of new entrepreneurs and support for creation of small- and medium-sized enterprises of local or regional scope, attraction of tourists and attraction and retention of skilled individuals
- *Infrastructure* – by renewing and building quality public infrastructure in Quebec's rural and urban communities
- *Special intervention measures* – by supporting communities facing major economic shocks.

For Fiscal Year (FY) 2008-2009, in line with its program priorities, the Agency's financial effort has been more closely focussed on the *Development of communities* program activity under this strategic outcome, which accounts for 48.8% of its total expenditures.

2.1.1 Program activity: *Development of communities*

2008-2009

Financial resources *(in thousands of dollars)*			Human resources *(Full-time equivalents)*		
Planned spending	Total authorities	Actual expenditures	Planned resources	Actual resources	Variance
130,974	*146,616*	*145,906*	183	185	2

Actual expenditures in FY 2008-2009 were 11.4% higher than planned spending. Additional investment was made under this program activity, making it possible to continue to cater to communities' and regions' needs in these hard economic times.

Expected results	Performance indicators	Objectives[1]	Status of performance	Summary of performance
Communities are pursuing a development vision and implementing resulting initiatives.	Number of communities that have mobilized and established development or diversification plans	31	Meets nearly all expectations	22
	Number of development initiatives and projects that have been or are being implemented	154	Meets all expectations	134
Enterprises are contributing to community economic growth and maintenance.	Proportion of SMEs assisted that maintained or increased their sales	7/10	Meets all expectations	7.3/10
	Number of enterprises started up, created, maintained and developed	2,686	Meets all expectations	2,811 2,707 SMEs assisted by NPOs 104 SMEs assisted directly
	Average of jobs created in enterprises created, maintained and developed (direct assistance)	6.2	Meets all expectations	6.9
Communities are recognized for their distinctiveness, brand image and outreach.	Value of investment in tourism commodities, growth-generating tourism projects, community facilities and regional assets	59 projects totalling $177 million	Meets all expectations	58 projects totalling $149.7 million in investment
	Increase in the number of tourists from outside Quebec	Data not available	N/A	48,000[2]

Notes:

1 In the 2008-2009 RPP, no performance objective was established. The objective used as the basis for evaluation of the status of performance was established from the performance obtained in 2007-2008 or from annual targets established in the 2009-2010 RPP.

2 The source used is different from the 2007-2008 *Departmental Performance Report* (DPR). It is an official, published document that uses a comparable methodology from year to year: *Le tourisme dans les régions touristiques du Québec en 2007 et 2008:* www.bonjourquebec.com/mto/publications/publication.asp?id=192?%categorie=113

Program activity summary

Numerous communities, particularly in outlying regions, depend on the forestry sector and are consequently vulnerable to that sector's difficulties, and those difficulties worsened in 2008-2009. After living through the rise in the Canadian dollar, the softwood lumber dispute, reduced stumpage dues and the decline in North American demand for newsprint, the sector saw demand for its wood products plummet after the bottom fell out of the U.S. real property market. The forestry sector lost 14,000 direct jobs (-14%) between the first quarter of 2007 and the first quarter of 2009, with the result that many forestry communities experienced an urgent need for economic diversification.

Also, the downturn in the U.S. economy reduced Quebec's manufacturing exports, leading to job losses in several communities, especially in the central regions.

The goals targeted by the *Development of communities* program activity were the following:

- Community mobilization – by fostering the development of communities and increasing their mobilization through development of visions and projects of local and regional scope
- Community development[2] – by assisting communities through entrepreneurship support and the creation or maintenance of viable enterprises
- Attractive communities[3] – by increasing communities' ability to attract tourists.

The Agency intervened directly in regard to SMEs and NPOs through two grant and contribution programs: Community Diversification[4] and the Community Futures Program.[5]

Benefits for Canadians

Communities' increased capability to use their assets to develop, grow and thrive is conducive to an increase in their dynamism, and communities' economic activity base is thereby maintained and developed. As a result, these communities' increased vitality will contribute to stronger economic growth in Quebec and Canada.

2 See the program subactivity fact sheet: www.dec-ced.gc.ca/eng/publications/agency/rmr.html

3 See the program subactivity fact sheet: www.dec-ced.gc.ca/eng/publications/agency/rmr.html

4 www.dec-ced.gc.ca/eng/programs/diversification/diversification.html

5 www.dec-ced.gc.ca/eng/programs/cfp/cfp.html

Performance analysis

The total value of the 595 projects under this program activity was $1.3 billion. A little under one third of this amount ($358.1 million) came from the Agency on a multi-year basis, so the leverage effect was 2.64, or $2.64 in investment by the promoter and the other funding sources for each dollar invested by the Agency.

Overall, the performance obtained meets all or almost all expectations. The intention of the Ministerial Guideline[6] introduced in 2008-2009 was to limit recurrent funding of NPOs and focus instead on other types of intervention. Thus the performance partly reflects the Agency's chosen approach, particularly in support for the mobilization of communities and in entrepreneurship and enterprise startups.

The tourism industry was characterized by the growing decline in U.S. tourists seen across Canada (in Quebec, a 9.9% drop between 2005 and 2007).[7] In that context, the Agency multiplied its efforts to support the tourism industry, for instance in the context of the 400th anniversary of Québec. The Agency also contributed significantly to development of the tourism offering (new commitments of $21.9 million approved in 2008-2009) and marketing of tourism commodities outside Quebec, primarily through assistance to major festivals ($8.4 million) and regional and sectoral tourism associations ($7.1 million), and through support for 17 events ($2.6 million).

The three sites constituting the federal legacy for Québec's 400th anniversary celebrations, developed at a cost of $45.1 million, were inaugurated in Spring 2008. **Baie de Beauport**, redeveloped as a recreational-nautical site, enjoyed immediate success, with close to 140,000 visitors. At **Pointe-à-Carcy**, more than 200,000 people attended the area events, including 30,000 at shows at the Agora. **Brown Basin** was visited by more than 20,000 people. This investment from the Government of Canada helped contribute $31.4 million to Quebec's GDP. Tourist spending associated with visitors to the three sites totalled $7.9 million.

6 Guideline on Funding of Non-profit Organizations.

7 *Le tourisme dans les régions touristiques du Québec en 2007 et 2008*: www.bonjourquebec.com/mto/publications/publication.asp?id=1928&categorie=113

The Agency also supported several achievements in 2008-2009 under the initiative to support international cruise development on the St. Lawrence and Saguenay rivers[8] to boost the tourism industry. This initiative supports the development of six ports of call for cruise ship passengers (e.g. Sept-Îles) and has three components:

- improvement or construction of port infrastructure, as well as facilities, works and services related to ports of call
- revitalization, development or upgrading of tourist attractions and services near ports of call that could potentially attract cruise passengers
- promotion, marketing and other related activities (studies, development plans, etc.).

In addition, investment planned for 2008-2009 in tourism commodities, growth-generating tourism projects, community economic facilities and regional assets was carried out. The performance obtained therefore meets all expectations.

The Community Futures Program is one of the Agency's four regular programs. Under the CFP, the Agency provided financial support for local and regional development organizations, namely, Community Futures Development Corporations (CFDCs), Community Economic Development Corporations and Business Development Centres. Just under one third of grant and contribution expenditures, or $41.7 million, went to supporting these organizations.

In 2008-2009, the CFDCs generated the following performance on the basis of their new files:

- 149 enterprises created
- 453 jobs created in enterprises created
- $37 million in total investment in startup enterprises
- 1,086 enterprises in acquisition, recovery, expansion or modernization received guidance services
- 486 jobs created in 410 expanding enterprises.

8 See the *Community development* program subactivity fact sheet: www.dec-ced.gc.ca and the description of the initiative: www.dec-ced.gc.ca/eng/programs/facilities/facilities.html

Lessons learned

In this period of economic crisis, the Agency decided to make the terms and conditions of its Community Diversification program more flexible late in FY 2008-2009 (e.g. changes in eligible levels of assistance, costs and promoters). This change helped broaden the targeted clientele and eligible activities and expenditures so as to cater more closely to enterprises' and communities' needs. In that way, the Agency is contributing more effectively to attainment of its results.

Moreover, to ensure the viability of enterprises in the longer term, the Agency invested $9.6 million in a fund to support enterprises under the CFP. This fund facilitated access to funding and services for enterprises in the manufacturing, tourism and strategic and technological tertiary sectors in regions outside Quebec's major urban centres.

2.1.2 Program activity: *Infrastructure*

2008-2009

Financial resources *(in thousands of dollars)*			Human resources *(Full-time equivalents)*		
Planned spending	Total authorities	Actual expenditures	Planned resources	Actual resources	Variance
27,313	*53,864*	*53,607*	22	20	-2

Actual expenditures for FY 2008-2009 were 96.3% higher than planned spending. Actual expenditures depend on progress in completion of infrastructure projects. The Quebec government is the implementing authority for infrastructure projects.

Result expected	Performance indicators	Objectives	Status of performance	Summary of performance[1]
Rural and urban communities have quality infrastructure.	Municipalities have quality drinking water available.	As per agreement with Quebec government	Meets all expectations	3,873 households have or will have access to a municipal water supply. 549,744 households have or will have access to a municipal water supply providing higher quality drinking water. 19,063 additional households have or will have access to a municipal wastewater collection and treatment system. 847,788 households have or will have access to a municipal wastewater collection system providing higher quality treatment.
	Cities and municipalities benefit from safe transportation infrastructure.	As per agreement with Quebec government	Meets all expectations	262 communities will benefit from the upgrading of local transportation infrastructure.
	Maintenance and renewal of assets improve communities' economic activity base.	As per agreement with Quebec government	Meets all expectations	90 communities will benefit from the upgrading of sports, recreational and cultural facilities. 880 permanent jobs will be created directly by the projects.

Note:

1 These performance data concern only the Infrastructure Canada Program and are associated with the agreement with the Government of Quebec.

Program activity summary

The quality of community infrastructure has an impact on Canadians' quality of life. Quality infrastructure enables communities to attract and retain enterprises and workers that will secure their economic and social future. It also makes the movement of people and goods more efficient and safer.

In this spirit, the Government of Canada announced back in 2000 the creation of several infrastructure support programs. Among other things, it signed an agreement with the Government of Quebec in October 2000 for implementation of the Infrastructure Canada Program (ICP).[9] In July 2005, this agreement was amended to postpone the expiration date for the ICP to March 31, 2011 and reflect implementation of a new program, the Municipal Rural Infrastructure Fund (MRIF). The MRIF therefore came into effect on July 18, 2005, and the deadline for project approval was December 31, 2008.

The Agency has full responsibility over administration of the ICP. With regard to the MRIF and Canadian Strategic Infrastructure Fund (CSIF) projects, the Agency partners with Infrastructure Canada in delivering these initiatives. Infrastructure Canada reports on MRIF and CSIF activities and results in its departmental performance report.[10]

The ICP is aimed at the repair, replacement or construction of infrastructure and includes three components: drinking water and wastewater infrastructure, local public transit infrastructure, and projects with urban or regional economic impacts.

Benefits for Canadians

The upgrading and construction of community infrastructure supports and improves the quality of the environment and supports long-term economic growth. Communities' economic activity base is thereby maintained and developed. As a result, these communities' increased vitality will contribute to stronger economic growth in Quebec and Canada.

Performance analysis

According to the agreement signed with the Government of Quebec, the 894 projects approved from the start of the program until March 31, 2005 will enable 3,873 households to have access to a municipal water supply; 549,744 households to have access to a municipal water supply providing higher quality drinking water; 19,063 households to have access to a municipal wastewater collection and treatment system; and 847,788 households to have access to a municipal wastewater collection system providing higher quality treatment. They will also enable 262 communities to benefit from the upgrading of local transportation infrastructure and 90 other communities to benefit from the upgrading of sports,

9 This was the Canada-Quebec Infrastructure Program Agreement: www.dec-ced.gc.ca/eng/programs/infrastructure/infrastructure.html

10 www.infc.gc.ca/infc-eng.html

recreational and cultural facilities. Finally, the projects will create 880 direct permanent jobs. The end-of-program evaluation for the ICP is in progress, in order to find out the results of the projects.

Lessons learned

To judge by the large number of applications received, the ICP responds to a real need on the part of Quebec's regions. This strong demand justified the pursuit of other infrastructure programs. In the Speech from the Throne 2007, a new infrastructure program, the Building Canada Plan, was announced to support the provinces, territories and communities in building 21st-century infrastructure. Furthermore, budget 2009 provided for the acceleration and expansion of the Government of Canada's investment in infrastructure. This includes investment in recreational infrastructure, for which the Agency will have responsibility for Quebec.

2.1.3 Program activity: *Special intervention measures*

This program activity has no planned spending, actual expenditures, or planned or actual resources.

Program activity summary

Special intervention measures come to the assistance of communities and regions facing major economic shocks or natural disasters. In those situations, in the event of additional dedicated funding from the Government of Canada, the Agency temporarily puts special adjustment measures in place whereby communities can support their economic activity and initiate action to help them regain a balance or find economic stability.

This program activity has two goals:

- Community adjustment to economic shocks – by facilitating the identification and implementation of development and diversification opportunities in communities affected by the disappearance of major sources of employment. The Agency assists communities and regions facing major economic shocks.
- Community adjustment to natural disasters – by facilitating the adjustment of communities facing natural disasters.

Performance analysis

The Agency received no dedicated additional funding, so no special measures were in progress in 2008-2009 under this program activity.

2.2 Strategic outcome #2: *Presence of conditions conducive to sustainable growth and the competitive positioning of SMEs and regions*

The Agency's contributions to SMEs and the regions produce a leverage effect of 2.71. The amount of multi-year financial assistance approved, $307.1 million, generates $832 million in total investment.

Enterprises and regions have operated in a context featuring an economic downturn and a strong process of economic integration, including the increased presence of emerging economies (e.g. China and India). Combining with the growing pace of technological progress, this generates multiple opportunities (access to new markets and new ideas) but also brings substantial adjustments (redeployment of workers, new business models). It is through an increase in the competitiveness of SMEs and regions that the negative impact of this context on wealth creation and jobs will be reduced.

Taking this environment into account, the Agency's action in regard to SMEs and NPOs with respect to competitiveness fosters development of strategic capabilities, networks, innovation and knowledge, and the inflow of investment. This intervention ultimately aims at reinforcing the conditions conducive to sustainable growth and the competitive positioning of sectors and regions and SMEs. With respect to this strategic outcome, the Agency supported the following two components:

- *Competitiveness of enterprises (SMEs)*[11] – by helping enterprises improve their performance, become more competitive and engage in more innovation to facilitate their sustainable growth.
- *Competitive positioning of sectors and regions* – through the development of clusters, transfer of technology and research outcomes to enterprises and creation of conditions conducive to attracting foreign investment and international organizations.

Of these components, the Agency focussed its efforts on *Competitiveness of enterprises (SMEs)*. Thus the performance obtained under this strategic outcome is primarily the result of these efforts to enhance SMEs' performance.

11 See the program subactivity fact sheet: www.dec-ced.gc.ca/eng/publications/agency/rmr.html

2.2.1 Program activity: *Competitiveness of enterprises (SMEs)*

2008-2009

Financial resources *(in thousands of dollars)*			Human resources *(Full-time equivalents)*		
Planned spending	Total authorities	Actual expenditures	Planned resources	Actual resources	Variance
81,327	*58,036*	*56,466*	103	92	-11

Actual expenditures for FY 2008-2009 are 30.6% lower than planned spending. The variance between planned spending and actual expenditures is attributable to the fact that, in the economic downturn, enterprises put their investment projects on hold, thus using fewer program resources than expected.

Results expected	Performance indicators	Objectives[1]	Status of performance	Summary of performance
Assisted enterprises are using their strategic capabilities.	Number of specialized resources hired	148	Surpasses expectations	171
	Number of enterprises which have improved their value chain management or integrated a value chain.	140	Surpasses expectations	216
	Proportion of SMEs assisted having maintained or increased their sales	7/10	Surpasses expectations	8.8/10
	Average increase in foreign sales	*$583,500*	Surpasses expectations	*$1.1 million*
Products and services derived from research and development (R&D) are being commercialized.	Average increase in sales of products and services derived from R&D	*$385,300*	Meets nearly all expectations	*$294,058*
New enterprises and strategic capital investments are consolidating the economic base of the regions.	Number of innovative enterprises created or expanding	101	Surpasses expectations	153
	Number of jobs created in assisted enterprises	1,133	Surpasses expectations	1,667

Note:

1 In the 2008-2009 RPP, no performance objective was established. The objective used as the basis for evaluation of the status of performance was established from the performance obtained in 2007-2008 or from annual targets established in the 2009-2010 RPP.

Program activity summary

The Agency's investment in competitiveness was intended to help enterprises weather the U.S. and global economic slowdown and the climate of economic uncertainty (credit crunch and declining corporate profits) and thus reduce the impact on their exports and productivity.

In addition to the difficulties associated with the recent economic situation, enterprises still face the challenges of globalization, low productivity, inadequate innovation, and high energy costs. These issues are taken into account by the Agency in the context of its support with respect to SMEs' competitiveness. Productivity in Quebec still remains lower than the Canadian average and lags behind that of most Organisation for Economic Cooperation and Development countries, whence the need to continue efforts in terms of investment in machinery and equipment. Moreover, Quebec enterprises, particularly SMEs, while relatively active in R&D, have a hard time bringing their innovations to market.

In order to support the competitiveness of enterprises (SMEs), the Agency favoured:

- development of enterprises' capabilities – by improving SMEs' capabilities with respect to management, innovation, adoption of advanced technology, market development, and integration with globalized production chains
- development of strategic enterprises – by supporting the establishment and first phases of expansion of enterprises in economic activities deemed strategic for a region's development so as to consolidate its economic base.

This program activity is aimed primarily at SMEs and NPOs and is implemented through two grant and contribution programs, Business and Regional Growth[12] and the Canadian Apparel and Textile Industries Program (CANtex).[13]

12 www.dec-ced.gc.ca/eng/programs/growth/growth.html

13 www.dec-ced.gc.ca/eng/programs/cantex/cantex.html

Benefits for Canadians

Improvements in productivity and innovation and development of global markets increase enterprises' performance and competitive advantages and stimulate the establishment of innovative enterprises. Thus, increases in revenues earned and number of jobs contribute to the presence of conditions conducive to SMEs' sustainable growth. Thereby, SMEs' increased competitiveness fosters strong economic growth.

Performance analysis

The total value of the 478 projects under this program activity was $683.9 million. A little under one quarter of this amount ($168.5 million) came from Agency contributions. Thus, the leverage effect is 3.06, or $3.06 in investment by the promoter and the other funding sources for each dollar invested by the Agency.

In the current economic environment, an enterprise's competitiveness hinges on its ability to be innovative with respect to products and processes, all the way from its sale and after-sale services right through to its integration in major distribution and manufacturing networks. In 2008-2009, the Agency therefore strove to maximize the impact of its investments by placing priority on raising the strategic capabilities of enterprises through the implementation of three new initiatives (innovation, productivity and exports).

The three new initiatives led to the approval of a larger number of new projects in 2008-2009 (224 in 2008-2009 and 184 in 2007-2008), so the Agency surpassed its expectations with respect to performance in 2008-2009.

Grant and contribution expenditures for the Canadian Apparel and Textile Industries Program —CANtex component stood at $3.2 million for 21 enterprises. Of these projects, 14 enterprises improved their productivity and eight enterprises increased their sales by an average of $4.1 million (on sales averaging $22.7 million at the start of the project).

The Agency also organized two Business Contact[14] events in the Estrie and Bas-Saint-Laurent regions aimed at raising awareness, informing and providing details concerning enterprise startup and growth, innovation, productivity, exports and the strategic issues specific to each of those regions. In all, 435 enterprises took part in these events. In the three months following the Bas-Saint-Laurent Business Contact, 15 enterprises contacted the business office hosting the event to take advantage of its services.

14 www.dec-ced.gc.ca/eng/agency/business-contact/contact.html

Also, to provide enterprises with an ongoing information service, the Agency provides financial support for Canada Business Service Centres (CBSCs). CBSCs answered more than 28,700 information requests, including approximately 5,000 directly at the counter and 17,624 by telephone.

Lessons learned

The three new initiatives were a good vehicle for implementing the Business and Regional Growth program, and this led to increased demand for carrying out innovation and productivity projects and supporting the development of foreign markets.

In this period of economic crisis, the Agency decided to make the terms and conditions of the Business and Regional Growth program more flexible late in FY 2008-2009 (e.g. changes in eligible levels of assistance, costs and promoters). This change helped broaden the targeted clientele and eligible activities and expenditures so as to cater more closely to enterprises' and communities' needs and contribute to attainment of the Agency's results.

2.2.2 Program activity: *Competitive positioning of sectors and regions*

2008-2009

Financial resources *(in thousands of dollars)*			Human resources *(Full-time equivalents)*		
Planned spending	Total authorities	Actual expenditures	Planned resources	Actual resources	Variance
45,528	*37,194*	*37,038*	54	56	2

In 2008-2009, actual expenditures for projects in progress are 18.6% lower than planned spending. Under a Ministerial Guideline concerning the funding of NPO's, other types of activities were focussed on.

Results expected	Performance indicators	Objectives[1]	Status of performance	Summary of performance
Competitiveness poles are being developed and consolidated. Clusters or networks of enterprises in the same sector or region are better structured. The innovation commercialization process is generating medium- and long-range social and economic spinoffs.	Number of enterprises networked or taking part in networks	No objective set since not a priority	N/A	1,369
	Average investment in applied research projects			*$5,1 million*
	Number of enterprises having participated in technology transfer activities or been involved in applied research projects			2,961
	Number of spinoff enterprises			5
Competitive regions attract foreign direct investment and international organizations.	Jobs created and maintained in Quebec as a result of foreign direct investment	3,700	Meets all expectations	3,200
	Number of international organizations established in Montréal	3	Meets all expectations	3

Note:

1 In the 2008-2009 RPP, no performance objective was established. A number of annual targets were set for 2009-2010. For information only, the content of this column indicates performance in 2007-2008.

Program activity summary

This program activity is aimed primarily at SMEs and NPOs and is supported by a grant and contribution program, Business and Regional Growth.

The two objectives targeted by this program activity are:

- develop and consolidate regional competitiveness poles and national- and international-calibre poles of excellence and to achieve this, the Agency intends to foster innovation and networking of knowledge players, support development of a critical mass of knowledge in sectors and regions, and support technology enhancement and transfer
- enhance the international competitiveness of Quebec regions and to achieve this, the Agency plans to favour the integrated promotion of locational factors, attraction of foreign direct investment, and reinvestment by foreign firms already established in Quebec.

Benefits for Canadians

This program activity aims to improve regions' international competitiveness by displaying their knowledge and competitive advantages on the international stage.

Performance analysis

The total value of the 92 projects under the *Competitive positioning of sectors and regions* component in 2008-2009 was more than $455.4 million. Of this amount, $138.6 million comes from Agency financial assistance, so the leverage effect is 2.29, or $2.29 in investment by the promoter and the other funding sources for each dollar invested by the Agency.

The international competitiveness of regions is achieved through cluster networking activities, applied research with collaboration among innovative SMEs and knowledge institutions, technology transfer and international promotion of regional assets. In 2008-2009, the Agency's investment in competitiveness of regions was focussed on support for the development of clusters and on international promotion and prospecting activities with a view to attracting foreign investment and encouraging the establishment of international organizations.

Lessons learned

In the economic downturn, the Agency particularly supported projects in the seven devitalized regions and 21 devitalized RCMs in line with the *Continue the economic diversification of regions and communities posting slow economic growth* program priority and under the *Development of communities* program activity. This decision was respected, leading to a decrease in Agency investment under the *Competitive positioning of sectors and regions* program activity.

2.3 Strategic outcome #3: *Policies, programs and cooperative actions that strengthen the economy of Quebec regions*

Under its Act, the Agency has the authority to draw up policies and programs to promote the development and diversification of the economy of Quebec regions by fostering cooperation and complementarity with Quebec and communities in Quebec.

Through this strategic outcome, the Agency defines the needs of Quebec regions and communities with respect to regional development, and aims to cater to those needs by drawing up policies, programs and initiatives, and through representation and collaborative activities.

To that end:

- The Agency helps development stakeholders make enlightened decisions by conducting and disseminating analyses and research on regional development trends, challenges and issues.
- The Agency moves forward the issues of Quebec's regions through representation and influence activities so that Government of Canada decisions with an impact on regional development are more closely geared to the realities of the regions.
- The Agency ensures sound management of public funds by collaborating with other government agencies involved in economic development.

2.3.1 Program activity: *Policies, programs and initiatives*

2008-2009

Financial resources *(in thousands of dollars)*			Human resources *(Full-time equivalents)*		
Planned spending	Total authorities	Actual expenditures	Planned resources	Actual resources	Variance
7,513	*6,733*	*6,230*	*49*	*48*	*-1*

Actual expenditures in FY 2008-2009 were 17% lower than planned spending.

Results expected	Summary of performance
Organizations and development stakeholders have knowledge that allows them a better understanding of new trends, issues and challenges in development.	Five new studies: ▪ Study on the Quebec manufacturing sector in the North American context[1] ▪ Study on the globalization of SMEs[2] ▪ Study on exporting to China[3] ▪ Study on the performance of innovative Quebec enterprises[4] ▪ Diagnosis of the marine transportation system on the St. Lawrence and Great Lakes Trade Corridor[5]
Policies, programs and initiatives are being developed on the basis of analyses on, notably, the challenges, opportunities, best approaches and emerging approaches in regional development.	Two new support initiatives for development of Quebec regions under *Canada's Economic Action Plan* announced in budget 2009: the Community Adjustment Fund (CAF) and the Recreational Infrastructure Canada (RInC) program Implementation of the support initiative for international cruise development
The realities of Quebec's regions are taken into account in government decision-making.	Ministerial tour to the 14 regions

Notes:

1 Available on request at the Agency

2 Presented to the Forum on the globalization of SMEs organized by the *Université du Québec à Trois-Rivières*

3 Entitled *Export Chine: les opportunités pour les produits québécois*, published by SECOR

4 Available on request at the Agency

5 Available in French as *Étude sur le Corridor de commerce Saint-Laurent—Grands Lacs* on the Web site of the *Société de développement économique du Saint-Laurent*: http://www.st-laurent.org/pages/memoires.htm

PROGRAM ACTIVITY: *POLICIES, PROGRAMS AND INITIATIVES* (continued)

Results expected (continued)	Summary of performance (continued)
The Agency has developed collaborative action with other federal government bodies and explored cooperative action with non-federal government organizations and development stakeholders.	Twenty enterprises participated in two trade missions (*Lockheed Martin* and *BAE Systems*) and had the opportunity to display their capabilities to major contractors in connection with Government of Canada acquisition projects (Department of National Defence projects and close combat vehicles). These missions were conducted in conjunction with five government partners (Foreign Affairs and International Trade Canada, Industry Canada, *Conférence régionale des élus* [regional conference of elected representatives], *Développement économique, Innovation et Exportation Québec* [Quebec Department of Economic Development, Innovation and Export Trade] and National Research Council Canada) and four associations (Specialty Vehicles and Transportation Equipment Manufacturers' Association, Technopôle Defence and Security, Quebec Aerospace Association and *Alliance Numérique*) following an exploratory mission to Washington. Increased collaboration with the Government of Quebec within the framework of implementation of new programs (CAF and RInC). Increased collaboration with regional export promotion organizations, with regional tourism associations and with sectoral tourism associations within the framework of the renewal of their agreements. Drawing up of the initiative stemming from the *Roadmap for Canada's Linguistic Duality 2008-2013*. Deployment of the support initiative for development of international cruises in conjunction with the provincial and federal governments and local stakeholders.

Program activity summary

Four objectives were targeted by this program activity:

- Analysis and research: by helping development stakeholders gain access to facts and information necessary to enlighten their reflections and facilitate their decision-making on trends, issues and challenges in development.
- Policies and programs: by addressing the needs of Quebec's regions and communities through development of adapted and coherent strategic directions, programs, initiatives, policies and guidelines.
- Representation and influence: by enabling Quebec's regions and communities to benefit from actions influencing government directions and decisions on regional development so that they better reflect the particular realities of the regions.

- Cooperation and collaboration: by enabling Quebec's regions and communities to benefit from coherent, effective and concerted action wherever issues, needs or opportunities could be served by collaboration with federal or non-federal bodies or where such collaboration is necessary or advantageous to the Agency or the Government.

Benefits for Canadians

Through its ongoing efforts with respect to analysis and research, policy and program development, representation and influence, and cooperation and collaboration, the Agency contributes to influencing the directions put forward by the federal government so that they better reflect Quebec's realities and needs and are more effective. SMEs, communities and regions, benefiting from federal action that is adapted, coherent and effective, develop the economic activity base, thus contributing to strong economic growth.

Performance analysis

This program activity enables Quebec's regions and communities to benefit from federal action that allows for, in particular, the production and dissemination of regional economic development knowledge that is helpful to development stakeholders, and to grasp business and development opportunities.

The study piloted by the *Société de développement économique du Saint-Laurent* was the outcome of a consultation of the transportation industry, that is, some 75 people representing 50 or so freight transportation enterprises and different transportation modes (marine, rail and road) whose activities are associated with marine transportation. The study is in support of the priority given by the Government of Canada to the development of gateways and trade corridors and the work conducted on that score by the Minister of Transport, Infrastructure and Communities jointly with the Quebec and Ontario governments. This study was an opportunity to consult the marine private sector and consolidate their needs and challenges in support of that work.

Furthermore, the Agency actively participated in the special Canada-Quebec forestry sector team. Through this work, the Agency entered into seven Canada-Quebec Agreements for the funding of projects under the economic action plan stemming from budget 2009.

Lessons learned

Early in 2009, the Agency reviewed certain criteria, terms and conditions of its programs and initiatives and made them more flexible (e.g. changes in eligible levels of assistance, costs and clientele) so as to make them more accessible to Quebec communities and SMEs hard hit by the economic situation.

To reinforce the capabilities of all regional development stakeholders to intervene more effectively in the future, projects should be supported under the research program.

3 ADDITIONAL INFORMATION

3.1 Significant financial data

The financial highlights presented in this report are intended to provide a general overview of the Agency's operations and financial situation. Detailed *Financial Statements*[15] are to be found on the Agency's Web site.

The actual expenditures presented in the preceding tables were prepared on a cash basis, while the financial highlights that follow were prepared on an accrual basis; tables reconciling these two accounting methods are presented in the Notes to the Agency's *Financial Statements* (note 3).

Summary financial information as at March 31, 2009

FINANCIAL HIGHLIGHTS

(In thousands of dollars)	Percentage variance	2009	2008
For the period ending March 31:			
Summary of financial situation			
Assets			
Total assets	-3%	*152,335*	*156,476*
TOTAL	**-3%**	***152,335***	***156,476***
Liabilities			
Total liabilities[1]	-42%	*53,825*	*93,087*
Equity			
Total equity	55%	*98,510*	*63,389*
TOTAL	**-3%**	***152,335***	***156,476***
For the period ending March 31:			
Summary of results			
Expenditures			
Total expenditures	-15%	*264,970*	*312,662*
Revenue			
Total revenues	23%	*822*	*669*
Net operating cost	**-15%**	***264,148***	***311,993***

Note:

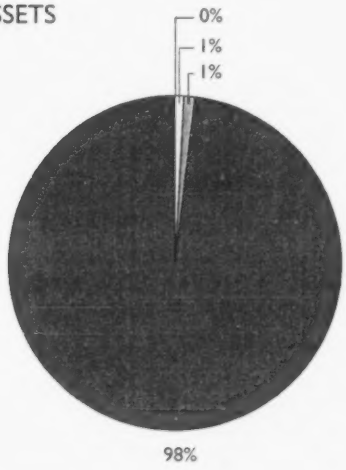
1 The decrease in liabilities is primarily attributable to year-end payables ($66.2 million as at March 31, 2008 and $27.4 million as at March 31, 2009).

15 www.dec-ced.gc.ca/eng/publications/agency/rmt.html

For the period ending March 31, 2009

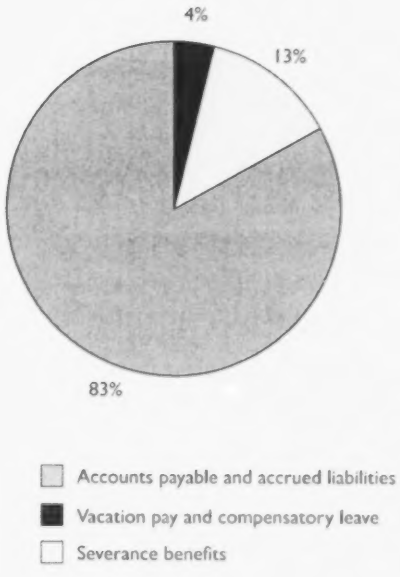
3.2 Financial highlights

ASSETS



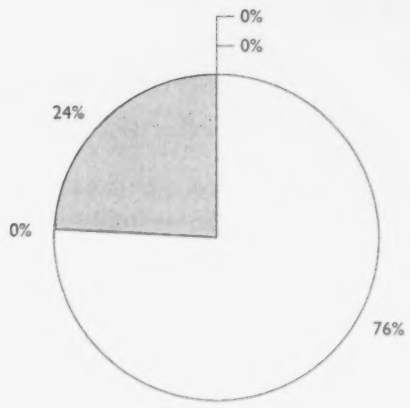
- Total assets of $152.3 million at the close of 2008-2009, down 3% from 2007-2008.
- Loans account for 97.8% of the Agency's assets, or $149 million.
- Accounts receivable represent 0.5%, prepaid expenses 0.4%, and tangible capital assets 1.3% of total assets.

LIABILITIES



- Total liabilities of $53.8 million at the close of 2008-2009, down 42% from 2007-2008.
- The decrease in liabilities is primarily attributable to year-end payables ($66.2 million as at March 31, 2008 and $27.4 million as at March 31, 2009).
- Accounts payable account for the majority (83%) of liabilities, at $44.7 million.
- Vacation pay and compensatory leave, $1.9 million, and severance benefits, $7.2 million.

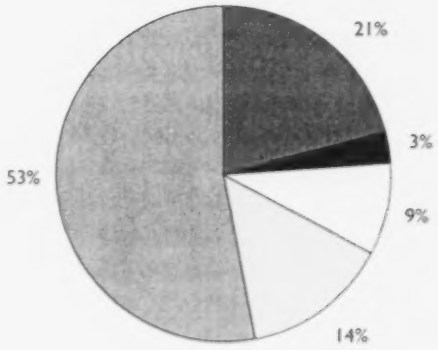
REVENUES



- Total revenues of $822,000 in 2008-2009
- Revenue composed of interest ($629,000) and repayments above 100% ($193,000) on conditionally repayable and unconditionally repayable contributions.

- *Competitiveness of enterprises (SMEs)*
- *Competitive positioning of sectors and regions*
- *Development of communities*
- *Infrastructure*
- *Policies, programs and initiatives*

EXPENSES



- Total expenses of $265 million in 2008-2009
- Expenses consist primarily of non-repayable and conditionally repayable contributions (totalling $206 million).
- The majority of funds ($140.3 million) used for development of Canada's communities
- $54.4 million for *Infrastructure*
- $38.4 million for *Competitive positioning of sectors and regions*
- $24.5 million for *Competitiveness of enterprises (SMEs)*
- $7.4 million for *Policies, programs and initiatives*

- *Competitiveness of enterprises (SMEs)*
- *Competitive positioning of sectors and regions*
- *Development of communities*
- *Infrastructure*
- *Policies, programs and initiatives*

3.3 Tables in electronic format posted on the Treasury Board Secretariat Website

The following tables are posted on the Treasury Board Secretariat Web site:
www.tbs-sct.gc.ca/dpr-rmr/2008-2009/index-eng.asp

Table 1: Sources of Non-respendable Revenue

The table illustrates revenue and provides an historical perspective. Revenue consists primarily of repayments of the repayable contributions awarded by the Agency.

Table 2a: *User Fees Act*

The table presents revenue and user fees costs.

Table 2b: *Policy on Service Standards for User Fees*

In line with the *Policy on service standards for user fees*, the table presents the latest performance results and main events or plans regarding stakeholder consultation.

Table 5: Details of Transfer Payment Programs (TPPs)

The table illustrates the results of TPPs in relation to commitments and planned results as set out in the 2008-2009 RPP where the amount of the transfer exceeds $5 million.

Table 8: Sustainable Development Strategy (SDS)

The table presents progress with respect to commitments made since the tabling of the SDS and the Agency's expected results from the SDS as set out in the 2008-2009 RPP.

Table 10: Response to Parliamentary Committees and to External Audits

The table lists responses given to Parliamentary Committee reports, Auditor General of Canada reports and external audits concerning Agency activities in 2008-2009.

Table 11a: Internal Audits 2008-2009

The table lists internal audits reports.

Table 11b: Evaluations 2008-2009

The table lists evaluation reports.

4 APPENDICES

The appendices can be found on the Agency Website:
www.dec-ced.gc.ca/eng/publications/agency/rmr.html

Appendix 1: List of the seven devitalized regions and 21 devitalized RCMs

Appendix 2: Agency performance measurement methodology

Appendix 3: Technical notes on performance data in result tables

Appendix 4: List of acronyms

Appendix 5: Agency business offices

Appendix 6: Resource-person and statute administered